GameOn Entertainment Technologies Inc.

Consolidated Financial Statements
Three months ended March 31, 2023 and 2022

Expressed in Canadian Dollars

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The condensed consolidated interim unaudited financial statements of GameOn Entertainment Technologies Inc. are the responsibility of the Company's management. The condensed consolidated interim unaudited financial statements are prepared in accordance with International Financial Reporting Standards and reflect management's best estimates and judgment based on information currently available.

Management has developed and maintains a system of internal controls to ensure that the Company's assets are safeguarded, transactions are authorized, and properly recorded, and financial information is reliable.

GameOn Entertainment Technologies Inc.
Condensed consolidated interim statements of financial position
(Expressed in Canadian dollars)

	Note		As at March 31, 2023		As at December 31, 2022
ASSETS					
Current assets					
Cash	13	$	207,027	$	21,424
Prepaids	3		6,554		11,470
Accounts receivable			47,736		45,382
Contract asset	8		346,840		390,340
Government sales tax receivable			25,263		49,133
			633,420		517,749
Non-current assets					
Intangible assets	4,5		1,570,964		1,606,989
Goodwill	4,5		3,432,783		3,432,783
TOTAL ASSETS		**$**	**5,637,167**	**$**	**5,557,521**
LIABILITIES					
Current liabilities					
Accounts payable	6	$	645,623	$	606,392
Accrued liabilities	6		201,155		146,435
Lines of credit	7		94,323		108,513
Deferred revenue	8		378,947		442,842
Loan payable	9		872,213		-
Related party loan	6		36,000		-
Other payable	10		95,000		95,000
Contingent consideration payable	6		247,725		247,725
			2,570,986		1,646,907
Non-current liabilities					
Loan payable	9		-		572,129
CEBA loan	11		51,617		49,245
TOTAL LIABILITIES			**2,622,603**		**2,268,281**
SHAREHOLDERS' EQUITY					
Share capital	12		11,528,388		11,521,570
Reserves	12		6,226,455		6,118,280
Equity portion of convertible debentures	6		427,778		427,778
Deficit			(15,168,057)		(14,778,388)
TOTAL SHAREHOLDERS' EQUITY			3,014,564		3,289,240
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**$**	**5,637,167**	**$**	**5,557,521**

Nature of operations and going concern – Note 1
Subsequent events – Note 15

The accompanying notes are an integral part of these condensed consolidated interim financial statements

GameOn Entertainment Technologies Inc.
Condensed consolidated interim statements of loss and comprehensive loss
(Expressed in Canadian dollars)

	Note		Three months ended March 31, 2023		2022
Revenue	8	$	472,188	$	207,151
Expenses					
Amortization of intangible assets	5		36,025		-
Contract costs	8		43,500		-
Foreign exchange loss (gain)			(7,864)		7,397
General and administration			103,067		111,001
Interest and accretion	7,9,11		71,056		1,960
Investor relations			15,000		108,682
Professional and consulting fees	6		291,002		426,663
Sales and marketing			17,459		99,653
Share-based compensation	12		82,082		170,894
Transfer agent and regulatory fees			10,062		8,953
Wages			200,468		361,642
Total expenses			(861,857)		(1,296,845)
Net loss and comprehensive loss for the period		**$**	**(389,669)**	**$**	**(1,089,694)**
Loss per share - basic and diluted		**$**	**(0.01)**	**$**	**(0.02)**
Weighted average number of common shares outstanding for the period - basic and diluted			**67,369,047**		**64,132,556**

The accompanying notes are an integral part of these condensed consolidated interim financial statements

GameOn Entertainment Technologies Inc.
Condensed consolidated interim statements of changes in shareholders' equity
(Expressed in Canadian dollars)

		Share Capital							
	Note	Number of shares	Amount	Contributed Surplus	Warrants	Total Reserve	Equity portion of convertible debentures	Deficit	Total
Balance at January 1, 2022		63,192,385	$ 11,076,287	$ 2,861,470	$ 1,914,221	$ 4,775,691	$ 427,778	$ (10,536,468)	$ 5,743,288
Shares issued on acquisition	9,12	1,538,461	300,000	-	-	-	-	-	300,000
Share-based payments	12	-	-	170,894	-	170,894	-	-	170,894
Net and comprehensive loss for the period		-	-	-	-	-	-	(766,642)	(766,642)
Balance at March 31, 2022		**64,730,846**	**$ 11,376,287**	**$ 3,032,364**	**$ 1,914,221**	**$ 4,946,585**	**$ 427,778**	**$ (11,303,110)**	**$ 5,447,540**
Balance at January 1, 2023		**67,296,131**	**$ 11,521,570**	**$ 3,985,389**	**$ 2,132,891**	**$ 6,118,280**	**$ 427,778**	**$ (14,778,388)**	**$ 3,289,240**
Warrants issued for short-term loans	9	-	-	-	32,911	32,911	-	-	32,911
Share-based payments	12			82,082		82,082	-	-	82,082
Shares issued on vested RSUs	12	85,227	6,818	(6,818)		(6,818)	-	-	-
Net and comprehensive loss for the period		-	-	-	-	-	-	(389,669)	(389,669)
Balance at March 31, 2023		**67,381,358**	**11,528,388**	**- 4,060,653**	**2,165,802**	**6,226,455**	**427,778**	**(15,168,057)**	**3,014,564**

The accompanying notes are an integral part of these condensed consolidated interim financial statements

GameOn Entertainment Technologies Inc.
Condensed consolidated interim statements of cash flows
(Expressed in Canadian dollars)

	Note		Three months ended March 31, 2023		2022
Operating activities					
Net loss for the period		$	(389,669)	$	(1,089,694)
Adjustments for non-cash items:					
Amortization of intangible assets			36,025		-
Foreign exchange (gain) loss			(7,864)		7,397
Interest and accretion			71,056		1,960
Share-based compensation			82,082		170,894
Changes in non-cash working capital items:					
Accounts receivable			(2,354)		(3,235)
Prepaids			4,916		59,903
Contract asset			43,500		-
Government sales tax recoverable			23,870		(9,927)
Accounts payable			47,094		136,006
Accrued liabilities			53,846		(92,779)
Deferred revenue			(63,895)		-
Net cash flows used in operating activities			(101,393)		(819,475)
Investing activities					
Acquisition of Intellectual Property			-		(200,000)
Net cash flows used in provided by investing activities			-		(200,000)
Financing activities					
Proceeds received from short-loans payable			325,000		-
Repayment of short-term loan payable			(25,000)		-
Advance from related party			36,000		-
Interest and principal on line of credit			(23,462)		-
Interest payments on loan payable			(25,542)		-
Net cash flows provided by financing activities			286,996		-
Increase (decrease) in cash			185,603		(1,019,475)
Cash, beginning			21,424		1,610,215
Cash, ending		**$**	**207,027**	**$**	**590,740**
Supplemental non-cash activities:	**Note**				
Issuance of shares to settle share consideration	5	$	-	$	1,738,185
Issuance of shares for vested RSUs	12		6,818		-
Shares issued to settle debt	12		-		1,001,926
		$	**6,818**	**$**	**2,740,111**

The accompanying notes are an integral part of these condensed consolidated interim financial statements

1. Nature of Operations and Going Concern

GameOn Entertainment Technologies Inc. ("GameOn Entertainment" or "GameOn" or the "Company") was incorporated under the Business Corporation Act (British Columbia) on January 13, 2010. The Company was formerly incorporated as "V2 Games Inc." and changed names to "GameOn Entertainment Technologies Inc." on January 13, 2021. The Company is a Business-to-business ("B2B") web3 game technology company. The consolidated financial statements comprise the financial statements of the Company and its wholly owned subsidiary V2 Games USA Inc. ("V2 Games USA").

The Company's registered office and principal address is at Suite 401, 750 West Pender Street, Vancouver, British Columbia, V6C 2T7.

Prior to December 1, 2020, Victory Square Technologies Inc. ("VST") held 100% of the issued and outstanding shares of the Company. On June 1, 2021, the Company's common shares commenced trading on the Canadian Securities Exchange ("CSE") under the symbol GET. As at March 31, 2023, VST holds 20.70% of the issued and outstanding shares of the Company (December 31, 2022 – 20.73%).

These condensed consolidated interim financial statements have been prepared on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. As at March 31, 2023, the Company had a working capital deficiency of $1,937,566 (December 31, 2022 – $1,129,158), an accumulated deficit of $15,168,057 (December 31, 2022 – $14,778,388). The continued operations of the Company are dependent upon its ability to generate future cash flows from revenues in the next fiscal year and/or obtain additional financing. As disclosed in Note 15, subsequent to period end, the Company closed a $1.85M round of financing. Management is of the opinion that sufficient funding and working capital has been obtained from this financing to meet the Company's liabilities and commitments as they become due. However, any additional future financing may not be at terms that are favourable to the Company. Although the Company has been successful in the past in raising funds to continue operations, there is no assurance it will be able to do so in the future. These factors indicate the existence of a material uncertainty that may cast significant doubt upon the Company's ability to continue as a going concern. These condensed consolidated interim financial statements do not reflect any adjustments that may be necessary if the Company is unable to continue as a going concern, and such adjustments could be material.

2. Significant Accounting Policies

These condensed consolidated interim unaudited financial statements were authorized for issue on July 7, 2023, by the directors of the Company.

a) Statement of Compliance

These condensed consolidated interim unaudited financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34") using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). The accounting policies and methods of computation applied by the Company in these condensed consolidated interim unaudited financial statements as at and for the year ended December 31, 2022.

The condensed consolidated interim unaudited financial statements do not include all of the information and note disclosures required for full annual financial statements and should be read in conjunction with the Company's annual financial statements as at and for the year ended December 31, 2022.

2. Significant Accounting Policies (Continued)

b) Principles of Consolidation

The condensed consolidated interim unaudited financial statements comprise the financial statements of the Company and its wholly-owned subsidiary V2 Games USA, which shares the same year end as the Company.

Intercompany transactions, balances, income and expenses, and gains or losses on transactions are eliminated on consolidation.

Business combinations

The Company uses the acquisition method to account for business combinations. This requires an entity to measure each identifiable asset and liability at fair value. The excess, if any, of the fair value of consideration over the fair value of the net identifiable assets acquired is recognized as goodwill. The purchase price allocation involves judgment with respect to the identification of intangible assets acquired and estimates of the fair value of the assets acquired and liabilities assumed, including pre-acquisition contingencies and contingent consideration. Changes in any of the assumptions or estimates used to identify intangible assets acquired, determine the fair value of acquired assets and liabilities assumed, including pre-acquisition contingencies or contingent consideration, could affect the amounts assigned to assets, liabilities and goodwill in the purchase price allocation. Transaction costs incurred in a business combination are expensed.

The Company considers certain acquisitions to be asset acquisitions, on the assumption that there are no identifiable businesses acquired in the transaction. There is judgment involved in the determination of whether the acquisition involves assets or entire businesses. Direct transaction costs incurred in the acquisition of an asset, or a group of assets generally are a component of the consideration transferred and are capitalized as a component of the cost of the assets acquired and liabilities assumed. Where contingent consideration is included in an asset acquisition, the Company has adopted a policy choice to record a liability for any expected variable payments at the time the obligating event or related activity that gives rise to the variability occurs. Changes in the fair value of the contingent consideration upon recognition are recognized in profit or loss during the periods in which the obligating event occurs.

Goodwill

Goodwill represents the future economic benefits arising from a business combination that are not individually identified and separately recognized. Goodwill is carried at cost less accumulated impairment losses. Refer to Note 4 and 5 for a description of the Company's annual impairment testing procedures.

c) Basis of Preparation

The condensed consolidated interim financial statements have been prepared on a historical cost basis, except for certain liabilities measured at fair value and are presented in Canadian dollars. Under IFRS, the US dollar is the functional currency of the Company and V2 Games USA, as this is the currency of the primary economic environment on which the Company operates.

(Expressed in Canadian dollars)

3. Prepaids

Prepaids consist of the following:

	March 31, 2023	December 31, 2022
Transfer agent	6,554	11,470
Total prepaids	$ 6,554	$ 11,470

4. Acquisitions

<u>InPlay FanClash</u>

On February 4, 2022, pursuant to an asset purchase agreement (the "APA"), the Company completed its acquisition of certain assets of real-time fantasy technology, FanClash, from London-based Inplay Labs ("Vendor") for aggregate consideration of $500,000 (the "Upfront Purchase Price"). The Upfront Purchase Price is payable as follows: (i) $200,000 in cash on the date of closing of the Transaction (the "Closing Date"), and (ii) 1,538,461 common shares of the Company ("GameOn Shares") with an aggregate value of $300,000 at a fair value of $0.195 per GameOn Share, which such shares are subject to securities law mandated hold period lasting until June 5, 2022 and contractual escrow with tranched release over a period of 24 months.

In addition to the Purchase Price, subject to applicable laws and approval of the CSE, GameOn has agreed to pay the Vendor up to $500,000, subject to and upon the achievement of certain performance milestones, payable through the issuance of that number of GameOn Shares being equal to a fraction, the numerator of which is $50,000 dollars, and the denominator of which is the greater of (i) the trading volume weighted average trading price of the GameOn Shares as quoted on the CSE, calculated by dividing the total value by the total volume of GameOn Shares traded for the period ending 10 CSE trading days prior to the date of the satisfaction of the performance milestone and (ii) the lowest price permissible under the rules and policies of the CSE. The contingent consideration was valued at $289,256 at the date of acquisition based on the weighted probability of the payout at that point in time. The fair value of the contingent consideration was revalued at December 31, 2022 based on a revised estimate of aggregated payouts and is recorded as a gain on revaluation of contingent consideration in the consolidated statement of loss and comprehensive loss.

<u>GameOn App</u>

On December 1, 2020, the Company entered into an agreement to acquire the assets of GameOn App Inc. for 15,199,985 common shares with a fair value of $3,799,996, representing 35.2% of the outstanding common shares of the Company. Share issuance costs of $210,000 were recognized. In addition, the Company agreed to assume USD $274,400 in liabilities of GameOn App Inc. and agreed to issue the CEO of GameOn App Inc., a convertible note in the amount of USD $92,000 ($119,159) (Note 10) maturing on December 1, 2022. The convertible note is convertible into common shares at the option of the holder at a conversion price of $0.25 per common share. Certain contingent share consideration was also included in the purchase price.

These contingent shares were to be issued on the event of the Company going public but was settled prior the event (Note 10). The transaction closed on December 31, 2020. During the year ended December 31, 2021, the Company issued 600,000 shares related to the contingent consideration with a fair value of $104,542 being assigned to the shares issued. The acquisition was treated as a business combination. In accordance with IFRS 3 Business Combinations, the fair value of the common shares in excess of the fair value of the identifiable assets and liabilities acquired was recognized as goodwill.

(Expressed in Canadian dollars)

4. Acquisitions (Continued)

The acquisitions were recorded as follows:

		Acquisition of GameOn App Inc.		Acquisition of FanClash
Fair value of consideration				
Cash	$	-	$	200,000
Common shares (Note 12)		3,799,996		300,000
Convertible note		119,159		-
Contingent shares - earn out		-		289,256
Bonus share consideration (Note 12)		104,542		-
		4,023,697		789,256
Assets and liabilities acquired				
Intellectual property (Note 6)		941,000		789,256
Assumed liabilities		(350,086)		-
Goodwill	$	3,432,783	$	-
Net assets acquired	$	590,914	$	789,256
Goodwill		3,432,783		-
	$	4,023,697	$	789,256

On December 1, 2020, in concurrence with the closing of the asset purchase agreement, the Company signed an employment agreement with the CEO of GameOn App Inc. to become the CEO of the Company. In addition to the regular annual salary, the CEO was also granted 2,000,000 common shares to be issued in tranches upon the achievement of certain performance milestones. Further, a contractual right for the issuance of warrants equal to $150,000 divided by the share price at the date of listing on the CSE, with each such warrant exercisable to acquire one common share for a period of 1 year from the grant date, at a price per share of $0.04 and vesting as follows: 10% on the grant date; 25% on the date that is 4 months following the grant date; 25% on the date that is 8 months following the grant date; and 40% on the date that is 12 months following the grant date. As the price per shares on the date of listing on the CSE was $0.25, the CEO received 600,000 bonus warrants at fair value of $113,307 (Note 12).

On June 1, 2021, the Company completed its listing on the CSE and, following the terms of the employment agreement, the CEO received a USD $100,000 (CAD $120,400) cash bonus and $150,000 in CEO bonus warrants (Note 12).

5. Intangible Assets and Goodwill

Intangible Assets

Intangible assets consist of the core GameOn application and FanClash acquisitions described in Note 4. All finite-lived intangible assets are accounted for using the cost model whereby capitalized costs are amortized on a straight-line basis over their estimated useful lives. Residual values and useful lives are reviewed at each reporting date. Indefinite life assets are not amortized but are tested for impairment annually. Both the GameOn app and the FanClash property acquired from InPlay are amortized on a straight-line basis over 10 years.

(Expressed in Canadian dollars)

5. Intangible Assets and Goodwill (Continued)

	GameOn App	FanClash	Total
Cost:			
Balance, January 1, 2023	$ 941,000	$ 789,256	$ 1,730,256
Additions	-	-	-
Balance, March 31, 2023	941,000	789,256	1,730,256
Accumulated Amortization:			
Balance, January 1, 2023	$ 94,100	$ 29,167	$ 123,267
Amortization	23,525	12,500	36,025
Balance, March 31, 2023	$ 117,625	$ 41,667	$ 159,292
Net Book Value, March 31, 2023	$ 823,375	$ 747,589	$ 1,570,964
Net Book Value, December 31, 2022	$ 846,900	$ 760,089	$ 1,606,989

Goodwill

Goodwill calculated on the GameOn App Inc. acquisition represents the expected synergies from combining the operations of GameOn App Inc. with those of the Company, revenue growth, future market development and customer relations. These benefits are not recognized separately from goodwill since the resulting economic impact cannot be measured reliably. Goodwill is non-deductible for tax purposes. For the purpose of annual impairment testing, goodwill is allocated to the operating segments, or cash-generating units ("CGU"), expected to benefit from the synergies of the business combinations in which the goodwill arises. The Company has identified one CGU, being the GameOn application. The Company tests the CGU annually for impairment, or more frequently if there is an indication that a CGU to which goodwill has been allocated may be impaired. The recoverable amount of a CGU is the higher of the CGU's fair value less cost of disposal ("FVLCD") and its value-in-use. FVLCD is determined based on an implied enterprise value calculation using a market capitalization approach. Value-in-use is calculated using a discounted cash flow analysis based on detailed forecasts provided by management to estimate enterprise value.

The Company performed an impairment calculation of goodwill based on a calculated recoverable amount using a discounted cash flow methodology. Key assumptions used in the impairment calculation were long term revenue growth rates and the discount rate of 3.0% and 26.0% to 28.0% respectively. A 2% change in the discount rate does not result in impairment.

Furthermore, the Company reviewed the implied enterprise value from a combination of market capitalization, term sheets, and the financing raise described in Note 15 and concluded that the FVLCD implied would not result in a different conclusion from the calculated described above.

(Expressed in Canadian dollars)

6. Related Party Transactions

The Company has several agreements with various related parties for services. The transactions were entered into based on terms equivalent to those in an equivalent arm's length transaction for consulting and executive services provided. The Company's key management personnel have authority and responsibility for overseeing, planning, directing, and controlling the activities of the Company and consist of the Company's executive leadership team.

During the period ended March 31, 2023 and 2022, the Company entered into the following transactions with related parties:

		March 31, 2023		March 31, 2022
Professional and consulting fees	$	39,913	$	63,812
Executive and director compensation	$	70,691	$	92,898
Share-based compensation to related parties	$	35,602	$	101,498

Related Party Balances

As at March 31, 2023, the Company has $271,508 (December 31, 2022 - $222,648) due to related parties included in accounts payable and accrued liabilities and $36,000 (December 31, 2022 - $Nil) owing to VST. These amounts are unsecured, non-interest bearing and have no fixed terms of repayment. The fair value of contingent share consideration of $247,725 as at March 31, 2023 (December 31, 2022 - $247,725) is classified as contingent consideration payable and is owed to the former principal of InPlay Labs, who is now a shareholder of the Company and engaged as a senior consultant.

On February 26, 2023, the Company entered into a short-term loan agreement with a Company controlled by a Director in the amount of $25,000. The loan bears no interest and was due by March 10, 2023. As at March 31, 2023, the loan was paid back from the proceeds of grant revenue. In connection with the loan, the Company issued 625,000 warrants to the lender at a price of $0.05 with an expiry date of two years from issuance (Note 15).

7. Lines of credit

The Company has two lines of credit, one of which was entered into by V2G USA Inc.

The Company's first line of credit is a revolving unsecured loan with a Canadian chartered bank, is due on demand and bears interest at the bank's prime rate plus 1%. The line of credit has a borrowing limit of $15,000. As at March 31, 2023, the Company had drawn down $12,850 (December 31, 2022 - $11,750).

The Company's second line of credit is a revolving secured loan with a US bank, is repayable in monthly instalments, bears interest at 2.73% per month, and is scheduled to be repaid in one year from the initial advance date of December 19, 2022. The loan is secured with a pledge of collateral including all current and future assets of the Company. The line of credit's borrowing is USD $75,000. As at March 31, 2023, the Company's principal balance is USD $63,949 ($81,474) (December 31, 2022 – USD $75,000 ($96,762)) with accrued interest of $Nil in accrued liabilities (December 31, 2022 - $2,784).

Included in interest and accretion expense is interest on lines of credit and other interest in the amount of $9,273 (March 31, 2022 - $Nil).

(Expressed in Canadian dollars)

8. Revenue

Disaggregation of revenues for the period ended March 31, 2023 and 2022.

	2023	2022
License fees	$ 146,171	$ 29,924
Setup fees	176,294	173,992
Grants	136,150	-
Sponsorship	13,573	-
Other	-	3,235
	$ 472,188	$ 207,151

Contract balances
The following tables provides information about receivables, unbilled revenues and deferred revenues (contract liabilities) from contracts with customers:

	March 31, 2023	December 31, 2022
Unbilled revenue	$ 346,840	$ 390,340
Deferred revenue	(378,947)	(442,842)
Net contract balances	$ (32,107)	$ (52,502)

Revenue consists of fees from services provided to B2B partners and are primarily earned from customers in the US. The amount reported as contract costs for the period of $43,500 (March 31, 2022 - $Nil) represents the amount of contract asset, or unbilled revenue, expensed for the period.

9. Loans Payable

On March 28, 2023, the Company entered into a short-term loan agreement with an arm's length party for proceeds of $300,000. The loan bears no interest and is repayable as funding is received from a granting partner. The loan is fully repayable six months from the agreement date. In connection with the loan, the Company issued 2,985,955 and 3,649,125 warrants at an exercise price of $0.05 and $0.055 respectively, with an expiry date two years from the date of issuance (Note 15). The fair value of the debt component of the loan was determined at inception using the Company's incremental borrowing rate of 20%. A total of $32,911, representing the difference between the discounted value of $267,089 and the proceeds received of $300,000, was allocated to the equity component.

On July 8, 2022, the Company closed the issuance of a Promissory Note in exchange for $550,000 USD. The Noteholder is a Venture Capital firm. The Note bears interest at the simple non-compounding rate of 14% per annum payable monthly and matures on the 18-month anniversary of the date of issuance. Until repayment of Principal, the Company may not make any distributions or management fees to any equity holders or management. The debt is secured against the monthly recurring revenue of the Company and ranks senior to all existing or future debt obligations of the Company.

In connection with the Promissory Note, the Company issued 5,683,533 warrants to the Principal of the Noteholder (Note 12). The exercise price of the warrants is $0.06 and expires on the second anniversary of the Issue Date. The fair value of the lender warrants less allocated direct costs was $218,669 and is deducted from proceeds of the Loan Payable.

Interest and accretion expense are being recognized over the loan period, with a total of $59,188 (March 31, 2022 - $Nil), being recognized as interest and accretion expense. The resulting carrying value of the Loan Payable is $604,900 as at March 31, 2023 (December 31, 2022 - $572,129).

9. Loans Payable (Continued)

In connection with the Promissory Note, the Company executed a consulting agreement wherein the Company agreed to issue 1,250,377 restricted share units ("RSUs") vesting in two equal instalments on the first- and second-month anniversary of the agreement (Note 12).

10. Convertible Debentures

During the year ended December 31, 2020, the Company received a $95,000 deposit in connection with the convertible debenture financing for which a convertible debenture was not formally issued. The deposit is reflected as Other payable on the statement of financial position. The balance is unsecured and due on demand.

11. CEBA Loan

The Canadian Emergency Business Account (CEBA) loan originally launched on April 9, 2020, and was intended to support businesses during the COVID-19 pandemic. The value of the government loan received at below market rate of interest is treated as a government grant. The loan was recognized at fair value using the Company's incremental borrowing rate of 20%. The difference between this discounted value of $21,074 and the proceeds received of $40,000 was recognized as a gain on CEBA loans of $18,926. On December 4, 2020, the CEBA program was expanded, and the Company received an additional $20,000 in funds on December 31, 2020. This amount was discounted to a present value of $11,193 and an additional $8,807 gain was recognized. The full value of the grant has been spent in the course of business operations and accordingly the gain has been recognized in other income.

The additional funds of $20,000 are forgivable if the original $40,000 loan is repaid on or prior to December 31, 2023. The outstanding balance as of January 1, 2024, accrues interest at 5% per annum and matures on December 31, 2025.

For the period ended March 31, 2023, the Company recognized accretion on the CEBA loan of $2,372 (March 31, 2022 - $1,960) for an ending balance of $51,617 (December 31, 2022 - $49,245).

12. Share Capital

Authorized Share Capital
Unlimited common shares without par value.

Issued Share Capital
As at March 31, 2023 there were 67,381,358 common shares outstanding (December 31, 2022 – 67,296,131).

Shares issued during the period ended March 31, 2023

On January 13, 2023, the Company issued 85,227 RSUs to an employee of the Company pursuant to an RSU award agreement.

Reserve

Contributed surplus

The contributed surplus reserve records items recognized as share-based payments expense.

Warrants

The warrant reserve records the fair value of warrants issued as part of financing transactions and for services.

(Expressed in Canadian dollars)

12. Share Capital (Continued)

Stock Options

Each stock option issuance has vesting terms that vary with each individual optionee, with a portion of the options granted vesting immediately at grant date, in some issuances, and the balance vesting in equal tranches quarterly or another periodic interval.

Stock options granted during the period ended March 31, 2023

There were no options granted during the period ended March 31, 2023.

Restricted Share Units

As of March 31, 2023, 85,227 RSUs have been issued but remained unvested.

The following weighted average assumptions were used in calculating the fair value of stock options granted during the period using the Black-Scholes Option Pricing Model:

	Expected Volatility	Risk-free Interest Rate	Expected Dividend Yield	Expected Life (in years)
Issued January 13, 2022	183.59%	1.16%	0%	2
Issued April 7, 2022	175.40%	2.34%	0%	2
Issued June 29, 2022	166.02%	3.12%	0%	2
Issued October 18, 2022	84.31%	3.98%	0%	2
Issued November 8, 2022	84.24%	4.10%	0%	2
Issued December 13, 2022	82.62%	3.68%	0%	2

The options outstanding and exercisable at March 31, 2023 are as follows:

Exercise Price	Number of Shares Issuable	Exercisable	Expiry Date
$0.41	123,170	123,170	June 28, 2023
$0.31	2,425	2,425	July 19, 2023
$0.27	152,067	152,067	November 5, 2023
$0.22	54,627	40,969	January 13, 2024
$0.16	1,154,364	753,114	April 7, 2024
$0.10	3,196,376	2,926,506	June 29, 2024
$0.10	2,124,184	1,296,569	October 18, 2024
$0.10	292,350	158,054	November 8, 2024
$0.10	2,391,927	1,798,899	December 13, 2024
$0.11	9,491,490	7,251,773	

Stock options continuity for the period was as follows:

	Number of units	Weighted average exercise price
Balance, January 1, 2023	9,593,890	$0.12
Expired	(102,400)	$0.25
Balance, March 31, 2023	9,491,490	$0.11

(Expressed in Canadian dollars)

12. Share Capital (Continued)

Warrants

The warrants outstanding at March 31, 2023 are as follows:

Warrant	Exercise Price	Number of Shares Issuable upon Exercise	Expiry Date
Consultant Warrants	$0.25	960,000	May 30, 2023
Broker Warrants	$0.52	375,103	May 26, 2023
Subscription Receipts Warrants	$0.52	8,252,776	May 26, 2023
CEO Bonus Warrants	$0.04	600,000	June 1, 2023
Lender Warrants	$0.06	5,683,533	July 8, 2024
	$0.32	15,871,412	

There were no changes to warrant continuity for the period ended March 31, 2023.

The total share-based compensation for the period ended March 31, 2023, was as follows:

		March 31, 2023		March 31, 2022
Stock-based compensation for options vested	$	58,606	$	134,164
Performance shares issued or to be issued to CEO		5,823		32,663
Restricted share units		17,653		4,067
Stock-based compensation	$	82,082	$	170,894

13. Financial Risk Management

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

a) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash held in bank accounts. The cash is deposited in a bank account in Canada and the US. As most of the Company's cash is held by two banks there is a concentration of credit risk.

This risk is managed by using banks that are high credit quality financial institution as determined by rating agencies. Credit risk on cash is assessed as low.

The Company's receivables consist of trade receivables and government sales tax receivable. Based on the evaluation of receivables at March 31, 2023, the Company believes that its receivables are collectable.

b) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to significant interest rate risk as most of the Company's debt bears a fixed rate of interest. The Company is exposed to fair value risk.

c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company ensures that

(Expressed in Canadian dollars)

13. Financial Risk Management (Continued)

there are sufficient funds to meet its short-term business requirements, taking into account its anticipated cash flows from operations and its holdings of cash.

Historically, the Company's main source of funding has been the issuance of loans, equity issuances, convertible debentures, and loans from related parties. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding. Liquidity risk is assessed as high.

Contractual Obligations As at March 31, 2023	**Total**	**Less than 1 year**	**1-3 years**	**3-5 years**	**After 5 years**
Trade payables and accrued liabilities	$ 846,778	$ 846,778	$ -	$ -	$ -
Lines of credit	94,323	94,323	-	-	-
Other payable	95,000	95,000	-	-	-
Loans payable	1,044,920	1,044,920	-	-	-
CEBA Loans	60,000	-	60,000	-	-
Total Contractual Obligations	$ 2,141,021	$ 2,081,021	$ 60,000	$ -	$ -

d) Foreign exchange risk

Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. The Company does not actively hedge its exposure to fluctuations in foreign exchange rates. The Company's revenues are almost entirely in USD, while a component of operating expenses are incurred in CAD. The Company is exposed to moderate foreign exchange risk.

Fair value

The Company has determined the estimated fair values of its financial instruments based on appropriate valuation methodologies. However, considerable judgment is required to develop certain of these estimates. Accordingly, these estimated values are not necessarily indicative of the amounts the Company could realize in a current market exchange. The estimated fair value amounts can be materially affected by the use of different assumptions or methodologies. The methods and assumptions used to estimate the fair value of each class of financial instruments are discussed below.

The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Cash is measured using Level 1 inputs. Contingent consideration payable is measured using level 3 inputs, which is based on management's best estimate of the earn out clause equity payout on a weighted probability of each possible outcome.

The Company's financial instruments consist of cash, accounts receivable, convertible debentures, accounts payable and accrued liabilities, CEBA loan, line of credit, loan payable, other payable, and contingent consideration payable. The carrying value of financial instruments approximates the fair value as at March 31, 2023 and December 31, 2022 due to their short term nature.

14. Capital Management

The Company manages its cash and common shares as capital. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue debt, acquire or dispose of assets or adjust the amount of cash. The Company's investment policy is to keep its cash treasury on deposit in an interest bearing Canadian chartered bank account or US financial institution. The Company will require capital resources to carry its plans and operations through its current operating year. The Company currently is not subject to externally imposed capital requirements.

There were no changes in the Company's approach to capital management during the period.

15. Subsequent Events

a) On April 24, 2023, the Company issued 85,227 RSUs to an employee of the Company pursuant to an RSU award agreement.
b) Subsequent to period end, a total of 123,170 options expired. During the same period the consultant, broker, CEO bonus, and subscription receipt warrants totalling 10,187,879 expired.
c) On April 26, 2023, the Company issued 7,260,080 warrants in connection with short-term financings (Notes 6 and 9) at an exercise price of $0.05 and $0.055 expiring two years from date of issuance
d) On June 13, 2023, the Company announced a strategic financing raising a total of $1.85M from two instruments:
    i. A series of convertible notes led by a Digital Asset Investment Firm signed on June 8, 2023. The investment has a face value of $1.2M and simple interest at the annual rate of 10% per annum. Unless earlier converted into common shares ("Shares"), the principal and accrued interest of the Investment will be due and payable by GameOn to the holders of the Investment (the "Holders") on the date that is twenty-four (24) months from the date of the issuance of the Investment (the "Maturity Date"); prior to the Maturity Date with the acceptance of the Holders (provided GameOn pays the Holder all of the interest that would have been due had the Holders held the Investment until the Maturity Date), or upon demand by the Holders. The Investment plus any accrued but unpaid interest thereon will be convertible into Shares of GameOn at a price of $0.10 per Share. The securities issued will be subject to a 4-month one day hold period from the date of issue of the convertible notes forming the Investment, or the Shares. The completion of the private placement remains subject to the receipt of all necessary approvals, including the approval of the CSE. Proceeds of the offering will be used for general working capital purposes.
    ii. A non-dilutive grant from a blockchain platform fund signed on June 5, 2023, which is subject to certain project milestones.